



The Tatum Survey of Business Conditions

As of April 1, 2009

Introduction

Tatum conducts a monthly survey of its executives and consulting professionals regarding current business and economic conditions. The survey looks back at the past 30 days and forward to the next 60 days. With our executives and consulting professionals serving a broad base of industries in every geographic region of the United States, the Tatum Survey of Business Conditions takes a representative pulse of economic activity at the first day of every month. Results are published the first week of each month at www.TatumLLC.com.

Arrows are used in this report to illustrate at a glance the direction of the indicators for the 30 prior days and the next 60 days (see legend at the end of this document).

Summary as of April 1, 2009

We are seeing the beginning of the end of the 2008-09 Recession. After the Tatum Index of Business Conditions reached its low point in November 2008, our Survey participants are now generally reporting persuasive improvements overall in every category except capital expenditure commitments and employment. Efforts to conserve cash are holding back capital expenditures. Within Employment there is a substantial decrease in regard to *less* employment, suggesting that further layoffs are coming to an end. This is normal prior to additions to employment beginning. Order backlogs continue to climb, and financing conditions are improving. While retail remains depressed, construction has started to improve.

Index of Business Conditions

Tatum's **Index of Business Conditions** combines elements of the past 30 days and the next 60 days into one number, summarizing our view of the current overall trend. The current month's index moved up for the fifth consecutive month, and this month's jump shows much more vigor than prior months when the increases were barely noticeable. The level of the Index, at 1.7, remains well in the range of Recession, but the upward trend is very positive. To view the Tatum Index of Business Conditions, please click on **{Index of Business Conditions}**.

Order Backlogs

Order Backlogs are normally the most tangible indication of relative strength or weakness in near-term deliveries of products and services. As of April 1, order backlogs were stronger in our survey looking both back 30 days and ahead 60 days. Some of this may be seasonal, but it indicates at least that orders for future delivery are rising. **{More about Order Backlogs}**

Capital Expenditure Commitments

Capital Expenditure Commitments were slightly better compared with the prior month. The outlook for the next 60 days is mixed at a very depressed level. This reflects justifiable caution in light of recent and current overall conditions, as well as corporate concerns about liquidity. **{More about Capital Expenditure Commitments}**

Employment

Employment is usually a lagging indicator as businesses are typically reluctant to change employment levels either up or down. In the past 30 days, new employment was slightly down but *reductions* in employment were less (i.e., fewer layoffs than in prior months). The outlook for the next 60 days is much better. **{More about Employment}**

Capital Availability and Pricing

Finally, financing conditions are beginning to improve, and the outlook is for further availability at currently modest prices. This development is one of the keys to the possibility of a sustainable recovery. **{More about Capital Availability and Pricing}**

Segments, Regions and Markets

Among the industry comparisons, the Service and Healthcare sectors remained strongest, and Construction showed a bounce upward. Technology and Financial sectors were the weakest sectors among our most significant client areas while Retail remained in the basement. Regionally, the Northeast went from worst to best while the Mid-west and Pacific regions were weakest. Mid-market companies were strongest in our survey while small companies reported worse conditions than all others. Companies with national markets experienced better conditions than those serving regional markets, and companies serving local and international markets reported the weakest conditions. **{More about Demographics}**

We hope you found Tatum's Commentary interesting and useful. We welcome your comments and questions. Click on **{April 2009 Tatum Survey of Business Conditions}** to view the complete report.

Sam Norwood, Senior Partner **{link to send comments to Sam Norwood}**

Glen Passin, Partner **{link to send comments to Glen Passin}**

Legend  Conditions improved or will improve  Conditions worsened or will worsen
 Conditions remained about the same or will remain the same

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